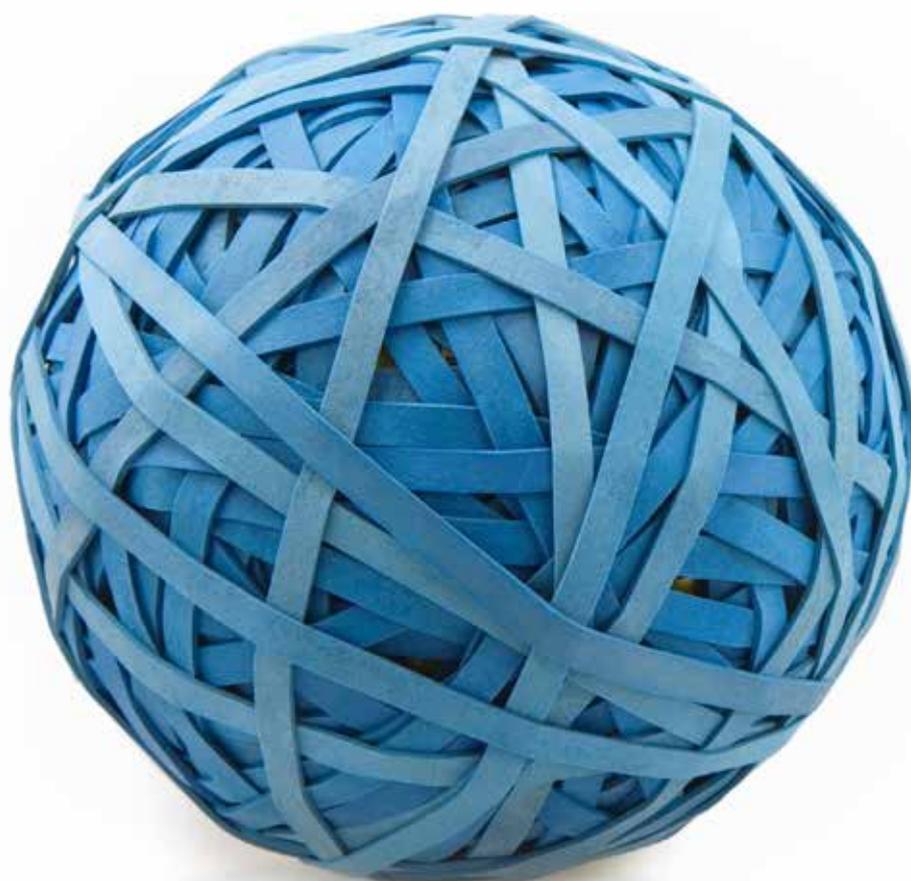


# Corporate plan 2015-18

May 2015



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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# Foreword

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This corporate plan comes at a time of great change for the public sector and for Audit Scotland.

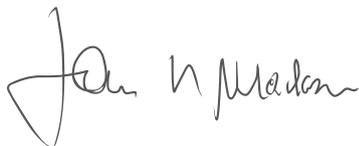
Public sector services in Scotland continue to face challenges from the changing profile of the population and increasing expectations from the people they serve. At the same time resources continue to be scarce and difficult choices will have to be made to balance these competing pressures. Over the coming years the Scottish Parliament will also take on greater responsibilities within a new fiscal framework.

The people of Scotland are increasingly accessing public services through a wider range of organisations, including partnerships and arm's-length organisations. These are responsible for spending significant amounts of public money and can involve complex accountability arrangements.

All of this makes the role of public audit even more important, as the people of Scotland will quite rightly want assurance that public money is being managed and used effectively and they expect high standards of ethical conduct and good governance from public bodies.

The Auditor General, the Accounts Commission and Audit Scotland have developed a joint statement on the principles underpinning public audit in Scotland and these are at the heart of this corporate plan.

These are also times of change for Audit Scotland. We believe that we have achieved a great deal over the course of our previous corporate plan. Looking forward, this plan outlines our strategic improvement programme which we believe will help us achieve our ambition to be a world-class audit organisation delivering high-quality public audit for the people of Scotland.



**John Maclean**

Chair of Audit Scotland Board



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**public sector  
services  
continue  
to face  
challenges.  
All of this  
makes  
the role of  
public audit  
even more  
important**

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# Who we are and what we do

**6.** Public audit in Scotland covers over 220 public organisations including the Scottish Government, the NHS in Scotland and local councils. These organisations spend over £40 billion of public money annually.

**7.** Audit Scotland provides services to the Auditor General and the Accounts Commission.

- The Auditor General for Scotland is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government and health bodies and report to Parliament on their financial health and performance.
- The Accounts Commission for Scotland is an independent public body appointed by ministers to hold local government to account. The Controller of Audit post is independent, established by statute and whose functions involve reporting to the Commission on the audit of local government.

**8.** We aim to improve the use of public money across the range of audit work that we undertake. The foundation of our work is providing independent assurance about governance, financial management and performance. Audit also delivers much more value by providing independent, evidence-based recommendations, generating insights into what works and supporting improvement.

## Public bodies audited



**80** Central government bodies and Scottish Parliament  
(including police, fire, Scottish Water)

**23** NHS bodies

**32** Councils

**64** Joint boards and committees  
(including 30 health integration boards)

**23** Further education colleges

Total  
**222**

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# Introduction

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**1.** Scotland is entering a new chapter in its constitutional history. The coming years will see the Scottish Parliament assume greater responsibilities within a new fiscal framework, following the independence referendum and the subsequent proposals for the further devolution of power.

**2.** These new powers come alongside a financial and demographic climate which sees demand for, and expectations of public services increasing, while further funding reductions are forecast. The public also expects high standards of ethical conduct and good governance from public bodies. Making the best use of public money is paramount if essential public services are to be maintained and improved. Public bodies have so far coped well with these challenges, but those leading and managing public services will face increasingly difficult choices about how to spend the money that is available.

**3.** The Auditor General, the Accounts Commission and Audit Scotland have developed a joint statement on the principles and common themes for [Public audit in Scotland \[PDF\]](#)  to help ensure that public resources are used efficiently and effectively in the public interest. Public audit helps create a strong and effective system of financial accountability and transparency in Scotland. We want to provide high-quality, efficient and effective audit services for the Auditor General, the Accounts Commission and ultimately the people of Scotland.

**4.** Over the period of the previous corporate plan 2012-15 we:

- published over 750 audit reports
- reduced the cost of public audit by more than 20 per cent in real terms
- expanded the range of our audit work to include audits of community planning partnerships and council owned charitable trusts and refined the approach to the European Agricultural Fund Audit
- improved our approach to risk assessment and Best Value audit for local government
- streamlined the annual audit process
- coordinated the National Fraud Initiative in Scotland which has detected fraud, overpayments and errors with a value of £36 million.

**5.** During 2014, Audit Scotland carried out extensive consultation to find out what public audit needs to deliver for our stakeholders and the people of Scotland. This plan sets out how we will respond to that consultation, support public audit in Scotland and achieve our goal of being a world-class audit organisation.

# Our vision

**9.** Our vision is to be a world-class audit organisation that improves the use of public money.

**10.** In shaping this vision and our priorities for the coming years, we have focused on the difficult financial climate in which public bodies now operate and the need to ensure that we are as efficient and effective as possible.

**11.** This can only be achieved through continuous improvement. We will challenge ourselves, learn from what works elsewhere and enhance our performance management arrangements to give us the best possible insight into how close we are to achieving our goal.

## How public audit makes a difference



**12.** We believe our audit work already makes a difference in many of these areas but we continuously challenge ourselves to add more value. This means doing more to support informed foresight, good decision-making and improvement.

# Strategy Map 2015-18



# Our audit work

**13.** The core of what we do is to carry out timely and relevant audits to assess the way public bodies spend money, manage their finances, deliver services and help improve outcomes for the people of Scotland.

**14.** Our audit work covers over 220 public bodies, which collectively spend over £40 billion each year. With our partners we audit organisations across the whole of the public sector in Scotland; this provides us with a unique insight into how effectively public money is spent. Public audit in Scotland focuses on financial sustainability, financial management, governance and transparency and value for money.

## Public audit delivers



Over 200 annual audits of public bodies in the following sectors; Central government, NHS, Further education, Local government, Joint boards, and Water



Approximately 800 audit reports on audited bodies



About 20 sector overview, performance audit and Best Value audit reports on strategic themes and organisations



Over 200 risk assessments covering the public bodies we audit



Investigations into matters of public concern



Statutory public interest reports for the Auditor General, the Scottish Parliament, the Controller of Audit and the Accounts Commission to consider



Coordination of the National Fraud Initiative in Scotland



Housing benefit risk assessments and audits



Support for the Scottish Parliament's scrutiny of the use of public money



Briefings for the Scottish Parliament, audited bodies and other key stakeholders.

**15.** By doing this we aim to:

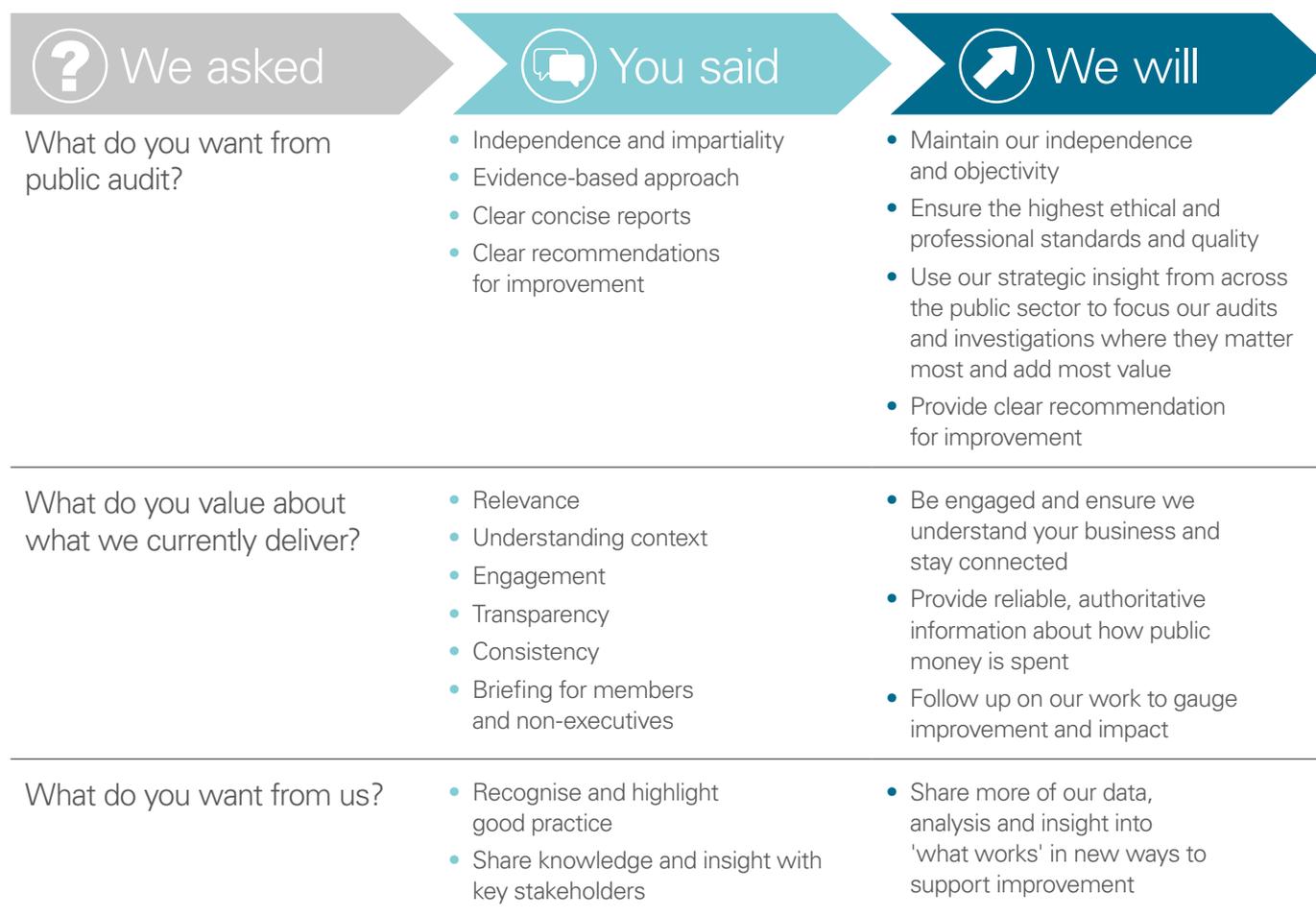
- provide independent scrutiny on, and assurance about governance, financial management and performance
- make evidence-based recommendations to improve governance and performance
- provide insights into what works and offer foresight on future risks and opportunities
- support the improvement of public services
- promote high professional and ethical standards
- support the democratic process by encouraging good governance and clear, transparent and comprehensive financial reporting to elected representatives and the people of Scotland.

# Our priorities 2015-18

**16.** During 2014, we carried out a review of the expectations people have of public audit to help maximise the impact of our work. The review involved extensive consultation with a wide range of organisations and people including:

- the organisations we audit
- the people we report to (the Auditor General, the Accounts Commission and the Scottish Parliament)
- scrutiny partners and representative / professional bodies
- members of the public.

**17.** The consultation has informed the principles and themes in [Public audit in Scotland \[PDF\]](#) and our improvement programme.



**18.** We want to ensure that we do the right work at the right time and do it efficiently and effectively. We want our audits to add value by supporting accountability and improvement and by delivering reports which have a real and positive impact.

**19.** We recognise that we have to operate to the highest professional standards. We expect this of the bodies we audit and demand it of ourselves. This means having high-quality governance and highly effective arrangements to support our people and manage our work.

**20.** To help us do this we have developed a strategic improvement programme which has three main objectives:

- securing world-class audit
- making a difference
- building a better organisation.

**21.** The programme includes a combination of improvement work we already had under way and new initiatives to respond to what we have heard from our stakeholders. All of our improvement work will be focused on delivering these three objectives for the period of this plan.

### Securing world class audit

**22.** Our objective is to ensure that public audit in Scotland:

- applies the highest professional and ethical standards
- is efficient, proportionate and risk based
- is informed by an excellent understanding of the strategic and operational context
- responds effectively to changing circumstances and emerging issues
- reports clearly and authoritatively
- follows the public pound wherever it is spent
- promotes transparency, accountability and Best Value.

**23.** Our guiding principles will be:

- **Independence and objectivity** – we understand the environment within which public policy and public services operate, but remain independent and objective.
- **Openness and transparency** – we are clear about what, why and how we audit and how we share our data, analysis and judgements. We will do this by sharing our risk assessments and audit plans with the bodies we audit and other relevant stakeholders and by reporting clearly and concisely in public.



- **Quality** – we operate to the highest ethical and professional standards and ensure that all auditors of public bodies implement robust quality control and monitoring arrangements. We will report annually on the arrangements for quality assurance, the results of quality reviews and on surveys about our audit work.
- **Working with others** – we work with others to deliver excellent audits by working across the organisation and with other audit and scrutiny partners, by consulting on thematic areas we are considering auditing and by involving advisory groups and experts.



### In 2015/16 we will:

- complete our review into the way that public audit is funded and develop a new fees and funding model if appropriate
- develop a new Code of Audit Practice for public audit in Scotland
- develop our data and intelligence capacity to inform risk assessments, audits and reports
- introduce new approaches for auditing Best Value and partnerships
- introduce new arrangements for investigating matters of concern raised by members of the public.



### Over the period of this plan we will:

- support the Auditor General and the Accounts Commission make the next round of audit appointments
- strengthen our focus on value-for-money by assessing how public money is spent, the effectiveness of public services and the outcomes they deliver
- streamline our audit work
- benchmark and learn from others.

## Making a difference



**24.** Our objective is to maximise the difference our audit work makes to public services, the people that they serve, the outcomes that those people experience and the use of public money.

**25.** We want to ensure that we offer the maximum benefit that our unique position of auditing across the public sector in Scotland offers us by providing insights into what works, offering foresight on future risks and opportunities and by supporting improvement ([How public audit makes a difference, page 7](#)). We will also make comparisons with, and highlight what works well elsewhere in the UK and internationally.

**26.** It is clear that the most effective audit is delivered when auditors understand the environment in which public bodies operate, understand the objectives, challenges and culture of those bodies, and have an open and constructive engagement with them about audit issues. We also want to ensure that this openness and transparency applies to the audit process and how we form our audit judgements.

**27.** Our main areas of focus will be on financial sustainability, governance and transparency, financial management, Best Value and value for money.

**28.** Our guiding principles will be:

- **Impact, innovation and improvement** – we will maximise the value of the audit and support improvement. We do this by making practical, clear and relevant recommendations, following up on our recommendations, challenging bodies that are not performing effectively and efficiently or striving for excellence and by sharing good practice examples, guides and checklists.
- **Diversity, equality and sustainability** – we will continue our commitment to considering diversity and equality in our work. We will continue to report on diversity and equality issues and will ensure our work is accessible to people with disabilities and those for whom English is not their first language. We will promote sustainability through our audit work and in the way in which we conduct our business.



### In 2015/16 we will:

- review our audit processes – to ensure that every part adds value and has a positive impact (this includes: risk assessment, programme development, scoping the work, designing the methodology, doing the work itself, reporting our findings and recommendations and how we follow these up).



### Over the period of this plan we will:

- ensure we have a good understanding of the policy priorities and issues facing the public sector by engaging with stakeholders to focus audit work where it adds most value
- share our audit information and conclusions and promote good practice in new and innovative ways beyond audit reports (including learning publications and events, good practice examples and guides and by using information technology more creatively)
- improve how we follow up on conclusions and recommendations to assess whether they have been implemented and the effect they have had.

## Building a better organisation

**29.** Our objective is to make Audit Scotland a great place to work so that we can attract and retain a highly skilled workforce. We want to make the best use of our resources so that we can deliver audit work that improves the use of public money.

**30.** Our guiding principles will be:

- **Valuing our people** – we will empower and support our people to be engaged, highly skilled and perform well. We will do this by recruiting the right people and investing in their professional development. We will promote, encourage and embed equalities and value our people.
- **Value for money** – we will maximise the efficiency and effectiveness of all of our resources (people, finance, property and information). We will do this by monitoring our performance and costs and reviewing, streamlining and improving our work.



### In 2015/16 we will:

- review our roles, grading and pay arrangements
- rationalise our office provision in Edinburgh to deliver savings and offer a better working environment
- improve our planning, performance, risk and financial management arrangements.



### Over the period of this plan we will:

- invest in professional learning and development and enhance our specialist skills
- support the wellbeing of our colleagues
- deploy our workforce more flexibly and responsively
- learn from other world-class organisations.

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# Our resources

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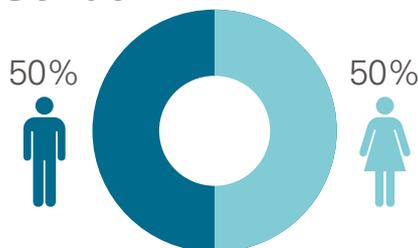
## Our people

**31.** We rely on our people to deliver high-quality audit work and staff costs amount to 59 per cent of our total budget.

Staff  
(whole-time equivalent)

266

Gender



**32.** After a period of reducing our workforce, 2015-18 will see a small increase in staffing numbers so that we can deliver increased audit responsibilities, including the European Agricultural Accounts, Revenue Scotland, Food Standards Scotland and joint boards.

**33.** Our workforce plan sets out our projections for staffing numbers and we expect to be employing 273 whole-time equivalent by 2017/18.

**34.** Through our Building a Better Organisation improvement work we are focusing on the flexibility, development and wellbeing of our people.

**35.** Our professional graduate trainee scheme helps to provide Audit Scotland with a pool of talent that we aim to develop into the technical experts, managers and leaders of the future. This also contributes to the pool of qualified accountants and auditors available across Scotland's public sector. We currently have 36 trainees in the scheme and we aim to recruit about 10-12 people to the scheme each year.

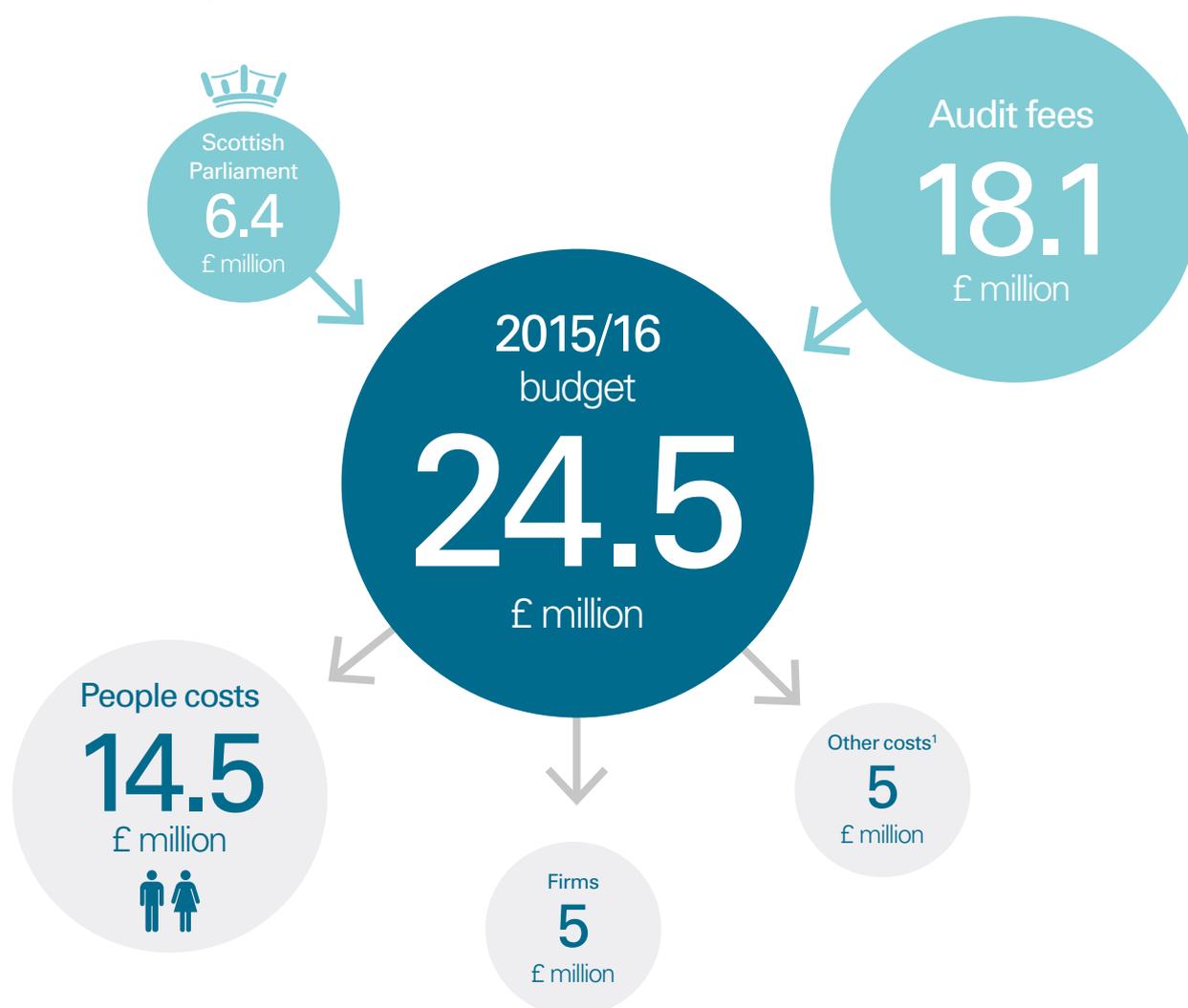
## Our income and expenditure

**36.** The Auditor General and the Accounts Commission expect public bodies to manage their finances to the highest standards and achieve the best possible value for public money. They expect the same of Audit Scotland.

**37.** Audit Scotland meets its costs from audit charges to public bodies, and from the Scottish Consolidated Fund for work directly funded by the Scottish Parliament. The Auditor General agrees the audit fee levels for NHS, Further Education, Scottish Government and Scottish Water, and the Accounts Commission agrees audit fee levels for local authorities.

**38.** Our budget of £24.5 million for 2015/16 is a 1 per cent increase in real terms compared to the 2014/15 budget and is as a result of the additional audit responsibilities and costs associated with our Edinburgh office relocation.

## Income and expenditure 2015/16 (£ millions)



<sup>1</sup> Other costs include property, IT, travel and subsistence, and depreciation.

## Our property

**39.** A substantial proportion of our audit work is carried out by the local audit teams on-site at the offices of the bodies we audit.

**40.** We also operate out of dedicated office locations in Edinburgh, Glasgow and Inverness.

**41.** In 2013, we relocated our 'west office' from East Kilbride to Glasgow. This resulted in a range of benefits including a better and more flexible working environment and improved transport links. The move was delivered at no additional cost.

**42.** During 2015, we will be consolidating our Edinburgh office provision from two sites on George Street to a single office at Westport. This offers us a more fit-for-purpose and flexible working environment, supports more effective cross-organisational working and will generate significant savings.

## Our information systems

**43.** High-quality ICT resources are essential to our business and in many ways they are the tools of our trade. Over the period of our last corporate plan we made a number of important improvements to our core systems, ICT hardware, and how we use mobile technology.

**44.** All of these were designed to ensure that we have resilient and high-quality systems to support our audit work.

**45.** Over the lifetime of this plan we have a wide range of further improvements planned which will improve our efficiency and the impact of the work that we do. These are covered in our Information Services Strategy. Some of the priority areas include:

- a new more user-focused website
- audit intelligence, data and analysis which is more accessible to the public
- focusing on resilience and innovation to support our audit work
- better use of mobile technology and cloud solutions which are available anytime and anywhere.

# Our governance

**46.** We expect high standards of governance of the organisations we audit and we set high standards for our own governance. We believe that a world-class organisation requires world-class governance arrangements.

**47.** The Audit Scotland Board is responsible for the exercise of all functions of Audit Scotland. It exercises its powers and authorities through a Scheme of Delegation, which it determines and approves.

**48.** The board is made up of the Auditor General, the Chair of the Accounts Commission and three independent non-executive members appointed by the Scottish Commission for Public Audit. The chair of the board is a non-executive member.

**49.** The board has two standing committees:

- The Audit Committee oversees internal control, risk and corporate governance, internal and external audit, the annual accounts and the Standing Orders, Financial Regulations and Scheme of Delegation.
- The Remuneration and Human Resources Committee oversees the salaries and terms and conditions of staff and other HR matters.

**50.** Our annual budget and parliamentary funding is subject to scrutiny by the Scottish Commission for Public Audit.



## Our planning and performance framework

**51.** Our planning and performance framework is designed to ensure that the principles of public audit in Scotland are the driving force in our corporate plan. In turn this informs both the business plans for each group and our thematic plans and strategies.



**52.** These plans are supported by a range of more operational plans and flow through into the personal development plans for each member of staff.

**53.** We use a variety of reporting arrangements to track progress and report on our performance and governance. We will use these to assess how effectively we are delivering our objectives and commitments in this plan. Key reports include:

Report	Reporting arrangements
 <a href="#">Annual report and accounts 2014/15</a>	Report to Board, SCPA and published on website
 <a href="#">Transparency and quality: Annual report 2014 /15</a>	Annual report to the Audit Committee and the Board and published on website
 <a href="#">Making a difference: Annual impact report 2014/15</a>	Annual report to the Board and published on website
 <a href="#">Equality outcomes &amp; mainstreaming: A progress report</a>	Two yearly mainstreaming report to the Board and published on website
 <a href="#">Carbon Scrutiny</a>	Report to Board and published on website
 <a href="#">Financial performance</a>	Annual accounts to the Board, SCPA and published on website Monthly reports to Management Team Update reports to each Board and Audit Committee meeting
Corporate performance	Quarterly reports to the Board
Workforce updates	Monthly report to Management Team
Risk updates	Update report and risk interrogations to every Audit Committee (five per year)

**54.** Openness and transparency are essential elements of good governance and are two of our guiding principles. We want to ensure that we apply these principles both to our audit work (by being clear about what, why and how we audit) and also the way that we run the organisation. We expect it of the bodies we audit and we expect it of ourselves.

# Corporate plan 2015-18

This report is available in PDF and RTF formats,  
along with a podcast summary at:

[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

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ISBN 978 1 909705 63 0